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Business losing Capitol fight

A healthy economy requires balance between concern about profits and those individuals who make the profits possible.

Profits at the expense of the work force - or society at-large - cannot long be maintained. Restricting profit-making with onerous government or union regulations stunts investment and business growth, including the capacity for supplying jobs and benefits.

One area that is out of balance in Hawaii is the workers' compensation system. The 2004 Legislature seems to be in no mood to even the scales. As it stands, the workers compensation laws favor the worker to the point it encourages malingering and has resulted in Hawaii businesses paying the third-highest workers' compensation insurance rates in the nation - \$3.48 for every \$100 in worker wages.

Director Nelson Befitel of the state Department of Labor and Industrial Relations took a package of reforms to the Legislature this year. There were nine specific proposals to reform the out-of-balance workers' compensation system. Six of those proposals appear to be dead.

The state administration claimed the entire package would result in saving \$34 million a year in employer labor costs, money that could have been reinvested in the businesses or which could have gone to higher wages.

Sen. Brian Kanno, chairman of the Senate Labor Committee, was quoted as saying he was concerned the proposed legislation would take away employee rights, echoing similar notions advanced by the Hawaii AFL-CIO and the International Longshore and Warehouse Union.

Kanno limited Befitel to five minutes, indicating he had little interest in listening to the business side of the argument.

The three proposals that have survived include making the state insurance division responsible for investigating workers' compensation claims, adding two employees to the Labor Department's vocational rehabilitation staff and

allowing union employees to opt out of the Labor Department's administrative hearing process in favor of binding arbitration.

It appears Hawaii's business community needs a louder voice or voices in order to be heard in a Legislature that appears to have forgotten the need for balance.